RAJASTHAN ELECTRICITY REGULATORY COMMISSION

Petition No: RERC/967/16

In the matter of determination of Aggregate Revenue Requirement & tariff for FY 2017-18 for Raj West Power Limited for its 1080 MW Lignite based thermal generating station.

Coram: **Sh. Vishvanath Hiremath, Chairman**
Sh. R. P. Barwar, Member
Sh. S. C. Dinkar, Member

Petitioner: M/s Raj West Power Limited

Respondents:

1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.

Date of hearings: 31.03.2017, 18.04.2017, 31.11.2017, 16.01.2018 & 09.02.2018

Present:

1. Sh. Aman Anand, Advocate for Petitioner
2. Sh. P.N. Bhandari, Advocate for Discoms
3. Sh. G.L. Sharma, Stakeholder

Date of Order: **18.05.2018**

ORDER

1. M/s Raj West Power Limited (RWPL) is a Company incorporated under the companies Act, 1956 and is a "Generating Company" within the meaning of Section 2(28) of the Electricity Act, 2003. The aforesaid has filed a Petition for determination of Aggregate Revenue Requirement (ARR) & Tariff for its 1080 MW Lignite based thermal generating station for FY 2017-18.

2. In exercise of the powers conferred under Sections 62, 64 and other provisions of Electricity Act 2003, read with RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, and other enabling Regulations, the Commission has carefully considered the submissions of the Petitioner and suggestions/objections submitted by the various stakeholders. The Commission has passed the following order.

3. This order has been structured in 4 sections, as given under:

(1) Section 1: Summary of Aggregate Revenue Requirement (ARR) and Tariff determination process.

(2) Section 2: Summary of Objections/Comments/Suggestions received from stakeholders and RWPL's response on the instant petition.

(3) Section 3: Additional Captilalisation for FY 2017-18.

(4) Section 4: Determination of ARR and Tariff for RWPL (Units 1 to 8) for FY 2017-18.

SECTION 1

Summary of Aggregate Revenue Requirement and Tariff Determination Process

1.1 In accordance with Regulation 11 of RERC (Terms and Conditions for Determination of Tariff) Regulations, 2014, (hereinafter referred to as RERC Tariff Regulations, 2014), RWPL filed a petition on 29.11.2016 for approval of ARR and determination of Tariff for its 1080 MW Lignite based thermal power station for FY 2017-18.

1.2 Commission vide its letter dated 21.03.2017, communicated the data gaps and deficiencies in the petition to the Petitioner. The Petitioner furnished the requisite information vide its letter dated 06.05.2017.

1.3 As required under Section 64(2) of the Electricity Act, 2003, public notice with salient features of the petition inviting objections/comments/suggestions from any desirous person was published in the following newspapers on the dates mentioned against each:

Table 1: Details of Public Notice

Sl. No.	Name of News Paper	Date of publishing
(i)	Danik Bhaskar	25.03.2017
(ii)	Panjab Kesari	25.03.2017
(iii)	Times of India	25.03.2017

1.4 The petition was also placed on RERC and RWPL websites. The objections/comments/suggestions were received from following stakeholders:

- Shri G. L. Sharma
- Shri Bal Mukund Sanadhya, Samta Power
- Shri P. N. Mandola
- Smt. Bhavana Sharma

1.5 The Commission forwarded the objections/comments/suggestions of stakeholders to RWPL for its replies. The Petitioner replied to the comments/suggestions/objections made by the objector vide its letter dated 28.07.2017.

1.6 The Petitioner also filed an Interlocutory Application on 31.10.2017 under Regulation 11 of the RERC Tariff Regulations, 2014 seeking amendment of the tariff proposed in the main petition on account of the commencement of the operations of Jalipa Mine and availability of lignite from the same from 01.11.2017.

1.7 The public hearing in the matter was held on 09.02.2018.

1.8 To facilitate reference, an index of the issues and points dealt with is placed in Annexure-1.

SECTION 2

Summary of objections/comments/suggestions on petition filed by RWPL for determination of ARR and Tariff for FY 2017-18 for its 1080 MW (8 × 135) Lignite based thermal generating station

Additional Capitalisation

Stakeholder's comments/suggestions:

2.1 Additional capitalisation for the period prior to FY 2017-18 should not be considered by the Commission in the present petition as the same had been dealt with in petition No. 816/16. The Petitioner should submit the details along with justification for the additional capitalisation claimed for FY 2017-18.

2.2 No additional capitalisation beyond the cut-off date is admissible as per Regulation 17 of RERC Tariff Regulations, 2014.

2.3 Petitioner has not submitted the details of estimated expenditure of Rs. 110 Crore for complying with the revised environmental stipulations.

2.4 Details of creditors' payment categorised into various packages should be submitted.

2.5 Cut-off date of the project was 31.3.2015 as per Regulation 2 (17) of the RERC Tariff Regulations, 2014, therefore, Petitioner cannot again claim the capitalisation and creditors payment disallowed by the Commission vide its order dated 19.06.2017.

2.6 Claim of debt-equity ratio of 75:25 is not as per Regulation 19 of the RERC Tariff Regulations, 2014.

RWPL's Response:

2.7 Additional capitalisation is claimed for the works within the original scope of work and beyond the original scope of work and are being claimed in accordance with the RERC Tariff Regulations, 2014.

2.8 It has filed an Appeal (No. 365 of 2017) dated 18.09.2017, aggrieved by some portions of the orders dated 19.06.2017 and 04.09.2017, before the Hon'ble APTEL for inclusion of certain items of additional capital expenditure along with certain aspects like station heat rate, etc., which were not considered/approved by the Commission in the said orders.

2.9 It is adding lime with lignite for mitigation and control of SO2 and ESP for SPM control. The Ministry of Environment, Forest and Climate Change (MoEFCC), GoI has notified Gazette S. No. 2620, dated 08.12.2015 for revised, stricter emission norms for thermal power plants and it has estimated the capital expenditure of Rs. 110 Crore for complying to the revised emission norms The Petitioner also submitted that DPR for the proposed project is under process and shall be submitted in due course of time.

2.10 The debt-equity ratio has been considered as per Regulation 19 of RERC Tariff Regulations, 2014.

2.11 Instant petition has been filed considering the capital cost approved by the Commission vide its order dated 24.02.2016 and the subsequent additional capitalisation has been claimed in accordance with the RERC Tariff Regulations, 2014.

O&M Expenses

Stakeholder's comments/suggestions:

2.12 O&M expenses may be allowed as per the norms prescribed in the Regulations.

RWPL's Response:

2.13 O&M expenses as has been claimed per the norms specified in RERC Tariff Regulations, 2014.

Special O&M expenses

Stakeholder's comments/suggestions:

2.14 In accordance with the earlier approach, the electricity charges of two pumping stations Sangad and Akal based on the actual expenditure incurred during the last financial year may be allowed by the Commission.

RWPL's Response:

2.15 Electricity charges and other special O&M expenses has been claimed only for the two pumping stations i.e., Akal and Sangad, which are falling beyond 50 km from the intake point of canal, based on the actual electricity charges paid and expenses incurred up to 30 September, 2016 in line with the Commission's order dated 24.02.2016. The copies of electricity bills and details of other special O&M expenses for raw water pipeline and pumping station have been submitted along with the petition.

Depreciation

Stakeholder's comments/suggestions:

2.16 Depreciation for FY 2017-18 may be allowed only on the gross assets admitted and approved within the admitted capital cost by considering the rates of depreciation as specified in RERC Tariff Regulations, 2014.

2.17 Excess depreciation claimed/recovered by the Petitioner may now be deducted from the admissible depreciation. The depreciation claimed on the un-approved additional capitalisation may be dis-allowed by the Commission.

2.18 Audited accounts of the Petitioner for FY 2015-16 depict that the depreciation has been computed as per the provisions of Part B of Schedule II of the Companies Act, 2013 based on Straight Line Method as per the rates notified by the Central Electricity Regulatory Commission Tariff Regulations, 2009 and revised from time to time. The Tariff petition has been filed as per RERC Tariff Regulations, 2014 and depreciation has to be computed considering the rates of depreciation specified in the same.

2.19 Audited accounts of the Petitioner for FY 2015-16 depict that the assets not owned by the Company have been amortised over a period of 10 years. The Petitioner should submit the details of the such assets not owned by the Company and the provisions under which the same are amortised over a period of 10 years.

2.20 Audited accounts of the Petitioner for FY 2015-16 depict that the Software is depreciated over an estimated useful life of 3 years. The RERC Tariff Regulations, 2014 specifies the depreciation rate of 9% and useful life of 10 years for the asset class IT/SCADA Software. Hence, the Petitioner should revise the depreciation considering the rates of depreciation specified in the RERC Tariff Regulations, 2014.

RWPL's Response:

2.21 Accounts of the Petitioner's Company have been audited and signed by a reputed Chartered Accountant Firm, following standard audit procedure prescribed under the prevailing Accounting Standards and provisions of the Companies Act, 2013. Accordingly, the method of calculation of "depreciation and amortization of assets" mentioned in the Audited Accounts for FY 2015-16 are as per the requirement of the Companies Act, 2013. However, for calculation of tariff and filing of ARR for FY 2017-18, it has considered the depreciation rates as specified in the RERC Tariff Regulations, 2014.

2.22 Petitioner has considered Amortization of Assets not owned by it. It is only in the books of accounts and not in the calculations of depreciation for Tariff purpose. The details of the assets not owned by the Petitioner are submitted at page no. 39 (note 3 for fixed assets) of the petition. The Assets for which ownership is not with the Petitioner has been amortized in the book of accounts over a period of 10 years based on the management decision on accounting policies of the Petitioner.

2.23 Depreciation has been calculated in the petition on the capital cost approved by the Commission vide its order dated 24.02.2016 and the subsequent additional capitalisation is made on the aspects mentioned in the said order and are as per the provisions of RERC Tariff Regulations, 2014.

Return on Equity

Stakeholder's comments/suggestions:

2.24 Petitioner in Form 6.9 submitted the closing Equity for FY 2015-16 as Rs. 1726.05 Crore while the opening Equity for FY 2017-18 has been submitted as Rs. 1520.62 Crore.

RWPL's Response:

2.25 Equity details for FY 2015-16 are as per the audited accounts and the details for FY 2017-18 are as per the capital cost claimed for tariff.

Interest on long term loans

Stakeholder's comments/suggestions:

2.26 Additional capitalisation claimed by the Petitioner in its earlier petition has been proved as not-admissible, therefore, there has been no increase in the capital cost.

2.27 Note 13 of the annual audited accounts of the Petitioner for FY 2015-16 depict that the Petitioner has advanced the loan of Rs. 490.94 Crore to BLMCL and a sum of Rs. 11.62 Crore to JSW energy employee welfare trust. These loan amounts are not related to the generating business of the company and therefore, for the purpose of allowing the interest, these two loans must be deducted.

2.28 As FY 2016-17 has come to an end, the Petitioner may provide the details of interest rates of FY 2016-17 as of on 01.04.2017.

2.29 Saving of interest on account of refinancing may be allowed based on the approach adopted in the earlier order. Further, Foreign Exchange Rate Variation (FERV) should not be allowed for the entire loan, but only for the interest and repayment during the year as per the RERC Tariff Regulations, 2014.

RWPL's Response:

2.30 The Petitioner submitted that the Accounts of the Petitioner's Company have been audited and signed by a reputed Chartered Accountant Firm, following standard audit procedure prescribed under the prevailing Accounting Standards and provisions of the Companies Act, 2013. The interest on term loan has been calculated in Tariff petition on the Capital Cost approved vide Order dated 24.02.2016 by the Commission as well as subsequent additional capitalisation made on aspects mentioned in the said Order and as per the RERC Tariff Regulations, 2014.

2.31 Loans and advances given to Barmer Lignite Mining Company Ltd. has not been considered for the purpose of calculation of Tariff.

2.32 Weighted average interest rate as on 01.04.2017 is 10.39% and details of the same are submitted to the Commission.

Interest on working capital

Stakeholder's comments/suggestions:

2.33 Interest on working capital (IoWC) for FY 2017-18 may be allowed on normative basis after making necessary adjustment of non-admissible issues.

RWPL's Response:

2.34 Interest on working capital has been claimed on normative basis as per the norms specified in the RERC Tariff Regulations, 2014.

Insurance Charges

Stakeholder's comments/suggestions:

2.35 Regulation 25 of RERC, Tariff Regulations, 2014 clearly states that actual insurance expenses incurred by the generating company shall be allowed subject to ceiling of 0.20% of average net fixed assets for the year. The insurance charges are admissible only in respect of gross fixed assets and any other insurance charges in respect of instances like persons working in the company, property of persons working in the company, contractor's associates, subsidiaries, financiers, lessors, successors, assigns to their respective rights and interests, marine cargo, cash in transit, infidelity/dishonesty of employees are not admissible as they are not for gross fixed assets.

2.36 Petitioner may have passed proportionately high burden of other companies in the collective insurance policy to RWPL project.

RWPL's Response:

2.37 Insurance is done on the replacement value of assets to ensure that in case of eventuality, Petitioner may able to recover the replacement cost without any extra burden on the Project. It also clarified that insurance charges are well within the ceiling limit of 0.2% of the Net Fixed Assets and is as per the Provisions of Regulation 25 of RERC Tariff Regulations, 2014.

2.38 The Petitioner also submitted that its Power Plant being a Mega Project financed through debts from banks/ financial institutions. They have stakes in the Project and as per the terms of sanction of loan, their interest is to be taken care of in the insurance policy and submitted a letter received from Reliance General Insurance Co. Ltd. to substantiate the same. The other entities are included as additional insured in the policy for the benefit of the Project. A clause such as the present one widens the scope of the risk covered to the assets of the Petitioner, without any impact on the insurance premium.

2.39 Regarding the comment on insurance premium charges claimed related to employees and their personal belongings, the Petitioner submitted that it has not claimed any insurance premium charges to employees and their personal belongings.

2.40 RERC Tariff Regulations specifies only the ceiling limit of insurance in terms of NFA and does not mean that insurance is admissible only for fixed assets. Project assets viz., machinery sent for repairs outside the plant, certain capital items, equipment and related spares required for maintenance for Power Plant are being transported from outside. The transit risk of the above movement is of the Petitioner and is accordingly, claimed in the petition.

2.41 Petitioner has also adjusted the refund amount if any, covered under the marine insurance policy, towards insurance premium charges paid for marine policy.

2.42 Sum incurred for the terrorism policy has been bifurcated separately based on its asset value and the same has been claimed.

2.43 It has taken policies like terrorism policy, loss of cash in transit, for money and fidelity, special fire, peril policy, etc., to safeguard the assets of the Company and the same are allowable by the provisions of the RERC Tariff Regulations, 2014 and are well within the ceiling limit of 0.2% of the net fixed assets.

Energy Charges

Stakeholder's comments/suggestions:

2.44 Stakeholder sought the copy of analysis report for GCV of lignite fuel being fired, copy of mining plan approved by Ministry of Coal for 7 MTPA and approval of GCV as 2692 kcal/kg, laboratory test reports for Station Heat Rate (SHR) for FY 2016-17

2.45 Petitioner should indicate in clear terms that on what GCV basis, BLMCL is raising their bills for supply of lignite fuel and on what GCV basis, the Petitioner is making the payment for lignite fuel being supplied by BLMCL.

2.46 In light of the Commission's decision holding both the bidding processes conducted for award of MDO as unacceptable, the Rate of Energy Charge may be allowed as Rs. 2.089/kWh as per the Commission's order dated 31.03.2016 till the final transfer price is determined.

2.47 Ad-hoc variable charges approved by the Commission vide its order dated 19.06.2017 should continue till the fresh bidding for appointment of MDO.

2.48 Weighted average figure of the price of secondary fuel for an entire year should be submitted as the diesel prices are volatile.

2.49 Transfer price of lignite assumed as Rs. 2704.01/ton has no basis and the figures from BLMCL petition cannot be treated as the base. Hence, the Commission approved transfer price vide its order dated 19.06.2017 should be treated as the applicable base.

<u>RWPL's Response:</u>

2.50 Details and the supporting documents of actual GCV of lignite, as received during the months of July 2016 to September 2016 have been submitted to the Commission vide From G 5.2 in its petition.

2.51 GCV of 2692 kcal/kg for lignite from Kapurdi mines is considered in the petitions filed by BLMCL as approved by MOC while approving the mining plan for 7 MTPA, for determination of transfer price of lignite for FY 2017-18, since the Tariff for the project should be computed on the basis of weighted average GCV of the mine as mentioned in the mining plan approved by MOC. Submission of actual GCV certificate has no bearing on the determination of Tariff and will be taken into account only while raising the claims for Fuel Price Adjustment (FPA)/ truing up of ARR.

2.52 BLMCL is considering GCV of 2732 kcal/kg for lignite as the base GCV, as allowed by the Commission vide order dated 30.09.2011 based on the then approved mining plan for 3 MTPA for Kapurdi mines, for ad-hoc transfer price of lignite allowed by the Commission through various orders for billing purposes. Further, this ad-hoc price is adjusted for actual GCV as per the provisions of FPA.

2.53 Revised set of tariff calculation for FY 2017-18 is based on the amended transfer price petition filed by BLMCL pursuant to expected commissioning of Jalipa mines by 01.11.2017. In the petition filed by BLMCL on expectation of commissioning of Jalipa mines, the cost of both the mines are very different and therefore results in changes in transfer price.

2.54 Fuel cost of Rs. 2704.01/ton has been claimed by Petitioner on the basis of transfer price claimed by BLMCL, since the Kapurdi and Jalipa lignite mines at Barmer were identified and allotted by the Government of Rajasthan as a dedicated source of lignite and also identified/defined in the PPA dated 26.10.2006 signed between Respondent Discoms and the Petitioner.

2.55 It is mandated as per Regulation 6 of the Tariff Regulations, 2014 to file a tariff petition for approval of Annual Revenue Requirement (ARR) and determination of tariff for the ensuing year (FY 2017-18) latest by 30th November 2016. Accordingly, the Petitioner has submitted details of actual GCV in lignite fired and the landed cost of LDO during the preceding three months of filing of petition i.e. July, 2016 to September, 2016 (latest available data at the time of filing of tariff petition) as per provisions of RERC Tariff Regulations, 2014.

2.56 BLMCL has considered GCV of 2693 kCal/kg from Kapurdi mines, GCV of 2895 kCal/kg from Jalipa Mines based on the RSMML report dated 20.09.2010 for its transfer price petition. For normative generation of power and based on the approved mining permission, the projected lignite consumption of 6.5 million from Kapurdi and 0.50 million from Jalipa mines has been considered for FY 2017-18 and accordingly weighted Average GCV of 2707.43 kCal/kg for Kapurdi & Jalipa Mines as a whole has been considered in the amended transfer price petition filed by BLMCL for determination of transfer price of lignite for F.Y. 2017-18. Accordingly, the Petitioner has considered the above weighted average GCV of 2707.43 kCal/kg to work out revised tariff calculation for F.Y. 2017-18.

2.57 Actual GCV details for FY 2016-17 is not relevant at this stage of tariff determination as the same have no bearing on the determination of tariff and will be taken into account only while raising the claims for Fuel Price Adjustment/truing up of ARR of respective financial years.

Others

Stakeholder's comments/suggestions:

2.58 Petitioner should provide the actual/audited figures for FY 2015-16 in Form No. 6.11, as the Company's accounts for FY 2015-16 has been audited and resubmit the Form No. 6.11.

2.59 Petitioner should submit the unit wise information in Form No. G 7.1.

2.60 Petitioner should provide the cost record prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956, as amended from time to time, as per Regulation 2(a)(v) of RERC Tariff Regulations, 2014.

2.61 In the petition, it has been mentioned that the tariff for supply of electricity is to be determined by the Commission under section 62 of the Electricity Act, 2003. This statement of the Petitioner is not valid, as the PPA dated 26.10.2006 is not as per the statement of objects & reasons of Electricity Act, 2003, Para 5.1 and 6.1 of National Tariff Policy, Para 5.2.14 of National Electricity Policy. Petitioner's expenses should be audited by the CAG so that the prudence of the expenses are validated.

RWPL's Response:

2.62 Petitioner submitted the copy of Cost Audit Report based on the cost records of the Company, by the Cost Accountant for FY 2015-16, prescribed by the Central Government u/s. 209 (I)(d) of the Companies Act, as it is the latest year for which audited Cost Audit Report based on the cost record is available with the Petitioner.

2.63 Unit-wise details of normative availability/ PLF already have been submitted vide Annexure-11 to the petition and rest of the parameters in Form G.7.1 as per RERC Tariff Regulations, 2014. Further, there are no specific norms for unit-wise and station-wise parameters like Auxiliary

Consumption, Station Heat Rate, Secondary Fuel, limestone consumption, etc.

2.64 As regards the comment on validity of the petition, Petitioner submitted that it has filed the petition u/s 62 of the Electricity Act, 2003, before the Commission for determination of final Tariff for FY 2017-18 as per the provisions of PPA dated 26.10.2006, duly approved by the Commission. It also submitted that the Commission has already considered this aspect in detail and concluded that Tariff determination would be u/s 62 of the Electricity Act, 2003, in its order dated 19.10.2006.

2.65 Petition is filed u/s. 62 of the Electricity Act, 2003, considering the norms and provisions of RERC Tariff Regulations, 2014 and the PPA dated 26.10.2006 for determination of Tariff for FY 2017-18, while the rates referred by the Stakeholder is based on the norms, parameters and rates in 2006.

2.66 As regards the comment on being audited by CAG, the Petitioner submitted that it is a company incorporated under Companies Act, 1956 and is a "Generating Company" as per Section 2(28) of the Electricity Act, 2003. As per the provisions of the Companies Act, 2013, the Petitioner's accounts are required to be audited by Statutory Auditor appointed by Board of Directors of the company. Further, the Companies Act, 2013, empowers Central Government to direct the audit of cost records of certain class of companies. Accordingly, the Central Govt. has directed among other companies for audit of cost records of Generation companies. The Petitioner confirmed that the Accounts and the records of the company is audited by Statutory as well as Cost Auditors.

Commission's views on Issues Raised by Stakeholders

2.67 The Commission has taken note of all the comments/suggestions/ observations of the Stakeholders raised in writing as well as during the course of hearing and Petitioner's response to them. The Commission has attempted to capture all the comments/ suggestions/ observations. However, in case any comment/ suggestion/ observation is not specifically elaborated, it does not mean that the same has not been considered. The Commission has considered all the issues raised by the Stakeholders and Petitioner's response on these issues while carrying out the detailed analysis of ARR & Tariff for FY 2017-18 in accordance with RERC Tariff Regulations, 2014 as detailed in the next Section of the Order.

SECTION 3

Additional Capitalisation for FY 2017-18

RWPL's Submission

3.1 The Commission vide its order dated 30.08.2013 approved the provisional capital cost of Rs. 5616.50 Crore for the generating station, subject to the determination of final capital cost based on the audited accounts as on COD of the project. Aggrieved by certain portions of the provisional capital cost order, an Appeal was filed before the APTEL (Appeal No. 284/2013). The said Appeal was disposed of by the APTEL vide its Judgment dated 20.11.2015. Thereafter, aggrieved by certain findings and directions of the APTEL in its Judgment dated 20.11.2015, an Appeal has been filed before the Supreme Court (Civil Appeal No. 7263/2016).

3.2 The Commission vide its order dated 24.02.2016 approved the final capital cost of Rs. 5928.65 Crore based on the capital expenditure incurred as on 31.03.2014 subject to further revision on the aspects mentioned in the said order. Aggrieved by some portions of the final capital cost order, an Appeal was filed before the APTEL (Appeal No. 107/2016). In the said Appeal, the Petitioner has sought relief from the APTEL for inclusion of certain items of capital expenditure in the capital cost along with certain aspects which were not considered by the Commission. The said Appeal was admitted by APTEL on 13.07.2016. The Appeal is pending adjudication. The instant petition is being filed without prejudice to the rights and contentions of the Petitioner in Appeal No. 107/2016 pending before the APTEL and the Civil Appeal No. 7263/2016 pending before the Supreme Court, and is subject to the final outcome of the same. In compliance to the Tariff Regulations, 2014 the instant petition is filed for determination of tariff for FY 2017-18 on the basis of the audited accounts for FY 2015-16 and Certificate from Chartered Accountant certifying the expenditure incurred upto September, 2016.

3.3 The Petitioner submitted that the total expenditure capitalised as on COD of all the eight units based on the audited accounts as on 31.03.2013 is Rs. 6598.74 Crore. The total capital expenditure incurred up to 30.09.2016 is Rs. 6992.25 Crore as certified by the Statutory Auditor.

3.4 The Petitioner submitted that it has made payments of Rs. 25.45 Crore, Rs. 15.62 Crore and Rs. 0.45 Crore respectively in FY 2014-15, FY 2015-16 and FY 2016-17 out of the total creditors of Rs. 62.30 Crore outstanding as on 31.03.2014. In addition to the approved capital cost of Rs. 5928.65 Crore as on 31.03.2014, the actual additional capitalisation of Rs. 90.55 Crore, Rs. 40.88 Crore, and Rs. 6.00 Crore has been considered for FY 2014-15, FY 2015-16 and FY 2016-17 (till September 2016). Further, the projected additional capitalisation of Rs. 16.32 Crore and Rs. 19.02 Crore has been considered for FY 2016-17 and FY 2017-18. Accordingly, the total capital cost of Rs. 6101.43 Crore has been considered for FY 2017-18.

3.5 The Petitioner submitted that it is anticipating an additional capitalisation (beyond original scope) of approximately Rs. 153.00 Crore in the present Control Period, out of which Rs. 6.08 Crore, Rs. 7.16 Crore and Rs. 3.86 Crore has been capitalised in FY 2014-15, FY 2015-16 and FY 2016-17 (till September 2016) respectively. A further sum of Rs. 15.10 Crore and Rs. 17.04 Crore are likely to be capitalised in FY 2016-17 and FY 2017-18 respectively. The proposed additional capitalisation, though beyond the original scope of work, are required to be carried out as the same will result in achievement of efficient and successful operation of the generating station. The Petitioner also submitted that the requirement of additional capitalisation was duly indicated in its reply to Para A-3, of its submission dated 05.11.2014, in petition No. 464/14.

3.6 The Petitioner also submitted that "Environment (Protection) Amendment Rules, 2015 requires it to comply with certain additional measures for improvement of environmental quality. Accordingly, it is required to upgrade its Lime Handling System (LHS) for Sox Control and Electrostatic Precipitator (ESP) for SPM control. The preliminary cost estimate for the same is Rs. 110 Crore. The Petitioner is in the process of determining the estimates of the same and shall incur the additional capital expenditure to comply with the requirement of Environment (Protection) Amendment Rules, 2015 during the present Control Period.

3.7 The GFA considered by the Petitioner for tariff computations for FY 2017-18 is as under:

Table 2: GFA considered by the Petitioner for FY 2017-18 (Rs. Crore)

Particulars	Opening GFA	Addition during the year	Closing GFA
Land and Land Development	28.70	1.16	29.86
Plant and Equipment	5179.86	3.45	5183.31
Buildings & Civil Engineering works	858.12	13.41	871.53
IT Equipment	3.98	0.00	3.98
Self-Propelled Vehicles	0.98	0.00	0.98
Office Furniture / Equipment	10.77	1.00	11.77
Total	**6082.41**	**19.02**	**6101.43**

<u>Commission's Analysis</u>

3.8 The instant petition is filed for the tariff determination for FY 2017-18. As regards, the additional capitalisation for FY 2014-15, FY 2015-16 and FY 2016-17, the Commission has dealt with the same in its order dated 19.06.2017 (petition No. 816/16) on tariff determination for the respective years. Hence, it is not necessary to revisit the additional capitalisation for those years in this order. The limited point which needs consideration by the Commission is the additional capitalisation for FY 2017-18 claimed by the Petitioner. Accordingly, the Commission has decided on the additional capitalisation for FY 2017-18 as detailed in the following paragraphs. Further, the Petitioner has submitted the details of creditors payment upto September, 2016 in FY 2016-17. As the additional capitalisation prior to FY 2017-18 is not discussed in this order, the creditors payment in FY 2016-17 is also not being discussed in this order. The actual additional capitalisation for FY 2014-15, FY 2015-16 and FY 2016-17 shall be approved by the Commission in the truing up for the respective years in accordance with the Tariff Regulations.

3.9 Commission vide its order dated 19.06.2017 had approved the Capital cost as on 31.03.2017 as Rs. 5979.02 Crore. The Commission has considered the same as the opening capital cost for FY 2017-18.

3.10 The Petitioner has proposed the additional capitalisation for FY 2017-18 totalling to Rs. 36.06 Crore. In the computations of depreciation for FY 2017-18 furnished in the petition, the Petitioner has considered the additional capitalisation of Rs. 19.02 Crore. In Form G 6.10, Petitioner has considered the additional capitalisation of Rs. 35.35 Crore out of which the additional capitalisation proposed to be capitalised in FY 2017-18 works out to Rs. 19.02 Crore. It is also pertinent to mention that the Petitioner in its replies to datagaps submitted the details of additional capitalisation amounting to Rs. 19.02 Crore. From the above, it is observed that the additional capitalisation considered by the Petitioner for computing the tariff for FY 2017-18 is only Rs. 19.02 Crore.

3.11 The Commission sought the following information regarding the proposed additional capitalisation for FY 2017-18:

- Details of works proposed for additional capitalisation along with the corresponding amounts, for FY 2017-18.
- Justification for the proposed additional capitalisation during FY 2017-18 in accordance with Regulation 17 of RERC Tariff Regulations, 2014.

3.12 In reply, the Petitioner submitted that the proposed additional capitalisation for FY 2017-18 is in the four corners of Regulation 17 of the RERC Tariff Regulations, 2014. The Petitioner submitted the details of the proposed additional capitalisation for FY 2017-18 as below:

S. No.	Particulars	Amount (Rs. Crore)	Justification
1	Colony	0.82	Within original scope of work
2	Title transfer of R&R colony land	1.16	Within original scope of work
3	Cathodic protection for Cross country pipeline	3.45	Beyond original scope of work
4	Township Bachelor Hostel and Land acquisition	10.80	Beyond original scope of work
5	Plant Canteen Building	0.60	Beyond original scope of work
6	Civil Miscellaneous work	1.19	Beyond original scope of work
7	Office Equipment/Furniture & Fixtures	1.00	Beyond original scope of work
	Total	**19.02**	

3.13 The detailed justification submitted by the Petitioner for the above additional capitalisation is as below:

3.14 The proposed additional capitalisation of Rs. 0.82 Crore claimed towards colony forms part of the amount of Rs. 6.36 Crore disallowed by the Commission at the time of approval of final capital cost on account of that it being an expense which was yet to be incurred. The capitalisation of this amount has been deferred due to reasons beyond the control of the Petitioner, including on account of strained cash flow.

3.15 The proposed additional capitalisation of Rs. 1.16 Crore claimed towards R&R colony land is on account of the registration and stamp duty for transferring the plots in favour of land losers. This amount was earlier proposed to be capitalised in FY 2016-17 but has been deferred to FY 2017-18.

3.16 The proposed additional capitalisation of Rs. 10.80 Crore claimed towards cathodic protection of water pipeline to reduce/arrest the pace of corrosion of the underground water pipeline which increases the life of the pipeline and the efficiency of the pumping operation. This work requires survey of the initial conditions, soil resistivity check and thereby deciding on the location of rectifiers and installation of half cells. This work would also entail procurement of land at certain places for installation of rectifiers. The estimated cost for installation of cathodic protection system is Rs. 4.60 Crore out of which the amount of Rs. 1.15 Crore was incurred in FY 2016-17 and the amount of Rs. 3.45 Crore is proposed to be incurred in FY 2017-18.

3.17 The proposed additional capitalisation of Rs. 10.80 Crore claimed towards township bachelor hostel and land acquisition is to accommodate bachelors who are permanently staying outside the Colony. The proposed works is aimed to increase the employee satisfaction which would help to retain high calibre employees in an arid and far flung place like Barmer. The amount of Rs. 1.85 Crore was incurred in FY 2014-15 towards the cost of land and building and the amount of Rs. 10.80 Crore is proposed to be incurred in FY 2017-18.

3.18 The proposed additional capitalisation of Rs. 0.60 Crore claimed towards labour canteen is for the requirement of canteen to facilitate the workers where quality food can be served. For smooth operation and maintenance, approximately 1500 workers are working round the clock in the plant. As the plant is located in deep desert, the weather condition of the site is very harsh in all the seasons so a proper canteen with all the facilities like dining hall, kitchen, store room, pantry, washing place, drinking water facility etc. is recommended. At present, the workers are being served food through the temporary canteen. Further, as per Rajasthan Factories Rules, 1951 (Rule 69), where more than 250 workers are ordinarily employed, occupier shall provide adequate canteen. The proposed canteen is for complying with the same.

3.19 The proposed additional capitalisation of Rs. 1.19 Crore claimed towards civil works is for upgradation of civil drain and miscellaneous job to reduce the seepages of storm water during rainfall and water logging. The proposed works have been identified based on the actual site conditions during the rainy season and water logging during monsoons to avoid water overflow to the nearby villages. This will further help in reducing water logging in certain critical areas of the plant and accidents. The total estimated cost for the proposed works is Rs. 2.19 Crore out which Rs. 1.00

Crore was proposed to be incurred in FY 2016-17 and Rs. 1.19 Crore is proposed to be incurred in FY 2017-18.

3.20 The proposed additional capitalisation of Rs. 1.00 Crore claimed towards office equipment and furniture is for replacing the old office equipment furniture in the plant.

3.21 As regards the estimated capital expenditure of Rs. 110 Crore for complying with the Environmental Norms, the Petitioner submitted as below:

a. The generating station is equipped with CFBC technology based boiler system and lime is being added with lignite for mitigating emission of SO_2 and ESP for SPM control.

b. Ministry of Environment, Forest and Climate Change, has issued revised strict emissions norms for thermal power plants vide its Notification dated 07.12.2015.

c. The new Notification covers emission levels for SPM, Sox, NOx in fuel gas and water consumption applicable to coal based thermal power plants. The earlier rules specified norm only for SPM which has been further tightened and new stringent standards have been specified for the rest of the parameters in the new rules.

d. The generating station is equipped with the ESP system, supplied by the BTG package supplier, for emission level upto 100 mg/NM^3 as per the environmental condition stipulated at the time of awarding Environmental Clearance for the project. The present SPM level at boiler outlet is higher than the revised norm of 50 mg/NM^3. In order to enhance/modify the ESP to meet the new emission norms the following options are being evaluated: (i) increase the specific collection area of ESP by installing additional fields, (ii) capture of dust by installation of fabric filters bag house, (iii) upgradation of the ESP field with latest power supply technology. Based on the discussion with various ESP suppliers, it is found hopeful on meeting the new norms of

SPM without disturbing the ESP structural arrangement. The following modifications are envisaged: (i) computational fluid dynamics of ESP and its ducting in order to ensure uniform gas distribution and to avoid seepage of dust laden gas escaping untreated, (ii) addition/modification of gas distribution screens, gas baffles, guides vanes etc. based on CFD study, (iii) changing of collecting electrode spacing and changing emitting electrodes from spike to spiral, if required, (iv) changing of all the TR sets with their controllers, interface with the existing system, (v) upgradation of power supply. The estimated cost for ESP upgradation for 8 Units for quantity of 1 lot is Rs. 80 Crore.

e. The lime powder preparation system is of capacity 2x60 TPH (120 TPH). For the worst lignite with 2% sulphur, the lime dosing requirement for all the 8 Units shall be around 120 TPH. During that period, there shall be no redundancy in the system. Hence, shall not meet the demand of 15 TPH per boiler while using worst lignite with 2% sulphur for which the boiler is designed. In order to meet the new emissions norms, the following options are being evaluated: (i) another stream of lime powdering system of capacity 60 TPH needs to be installed with all auxiliary equipment, (ii) powdered lime feeding system needs to be revamped to meet the new requirement. The new equipment and pipelines need to be installed to meet the requirement of 2 Units at each powdered silo locations. Same shall be repeated for other three locations to cover remaining 6 Units, (iii) the existing root blowers, rotary feeders and screw conveyors are to be replaced with higher capacity equipment along with additional pipeline to meet the requirement, (iv) existing pipeline from lime powder silo to boiler shall not meet the dosing requirement and hence, new additional pipeline to be installed. The estimated cost of modification of the lime ball mill with accessories and conveying line for the quantity of 1 lot is Rs. 30 Crore.

3.22 Based on the detailed submissions of the Petitioner above, the Commission has ruled on the additional capitalisation for FY 2017-18 as below:

3.23 The Project got commissioned on 16.03.2013, i.e., in the last quarter of the year and thus, in accordance with Regulation 2(17) of RERC, Tariff Regulations, 2014 the cut-off date of the project is 31.03.2015. Hence, the additional capitalisation proposed by the Petitioner for FY 2017-18 falls under the category of additional capitalisation beyond the cut-off date of the generating station. As regards the additional capitalisation beyond the cut-off date for the Petitioner's generating station, the Commission vide its order dated 19.06.2017 on tariff determination for FY 2014-15, FY 2015-16 and FY 2016-17 ruled as under:

"3.12 As per the provisions of Regulation 2(17) of RERC, Tariff Regulations, 2014, the cut-off date may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalisation could not be made within the cut-off-date for reasons beyond the project developer. The Petitioner in its petition has not made any request for extension of cut-off date supported with documentary evidence that the capitalisation could not be made within cut-off date for the reasons beyond the control of Project Developer. Hence, the Commission in this order has not approved any additional capitalisation for FY 2015-16 and FY 2016-17, as according to Regulation the cut-off date for the project was 31.03.2015 as discussed above and the additional capitalisation claimed by the Petitioner for FY 2015-16 and FY 2016-17 is falling after the cut-off date."

3.24 Further, the Commission vide its order dated 04.09.2017 on the Review petition filed by the Petitioner against the Commission's order dated 19.06.2017 ruled as under:

"31. Petitioner submitted that the Commission, by applying Regulation 2(17) of the RERC Tariff Regulations, 2014 has disallowed the additional capitalisation claimed, which is within the original scope of work as beyond the cut-off date of 31.03.2015.

32. Petitioner has also submitted that the Regulation 2(17) of the RERC Tariff Regulations, 2014 does not mandate for filing an *application/making a prayer/request for extension of cut-off date to allow the claims.*

33. *It is also contended by the Petitioner that the submissions made by it sufficiently which demonstrate that the cut-off date deserves to be extended for reasons beyond its control and therefore the Commission could have allowed the claim.*
34. *It is observed that Commission while disallowing the additional capitalisation beyond the cut-off date of 31.03.2015 has held that the Petitioner, in its petition, since had not made any request for extension of cut-off date in accordance with the Regulations, the same cannot be considered.*
35. *The interpretation of RWPL regarding Regulation 2(17) of the RERC Tariff Regulations, 2014 that there was no requirement of making a prayer for extension of cut-off date cannot be accepted as it amount to re-arguing its case. Hence, the prayer of the Petitioner to review the Commission's decision on disallowing the additional capitalisation beyond the cut-off date is not maintainable."*

3.25 As regards the additional capitalisation claimed towards the colony and title transfer of R&R colony land both within the original scope of work as claimed by RWPL, the Commission observes that the Petitioner has deferred those works to FY 2017-18, which is beyond the cut-off date for the generating station. In light of the decision of the Commission vide its orders dated 19.06.2017 and 04.09.2017 reproduced above, the Commission has not approved the additional capitalisation claimed by the Petitioner as within the original scope of work for FY 2017-18 in this order.

3.26 Regulation 17(2) of the RERC Tariff Regulations, 2014 provides for allowing the additional capitalisation after the cut-off date on account of the following:

i. Liabilities to meet award of arbitration or for compliance of the order or decree of a court.
ii. Change in law.
iii. Deferred works relating to ash pond or ash handling system in the original scope of work.

iv. Any additional works/ services which have become necessary for efficient and successful operation of a generating station or transmission system but not included in the original capital cost.

3.27 As regards the additional capitalisation claimed towards the works beyond the original scope of work and beyond the cut-off date, the Petitioner has not provided any detailed valid justification in accordance with RERC Tariff Regulations, 2014 for such expenses to establish that such works have become necessary for efficient and successful operation of the generating station. Further it is observed that some of the capital expenditure proposed such as Office Equipment/Furniture & Fixtures,. are nature of O&M works. Hence, the Commission has not approved the additional capitalisation claimed towards the works beyond the original scope of work and beyond the cut-off date.

3.28 The Petitioner has further estimated the capital expenditure of Rs. 110 for the compliance of the revised emission norms, although the same has not been considered for tariff computations by the Petitioner. Commission observes that Petitioner has submitted a separate petition for prior approval of this additional capital expenditure of Rs 110 Crore for the compliance of the revised emission norms Therefore, Commission will deal with same separately.

3.29 Based on the above, the additional capitalisation approved by the Commission for FY 2017-18 is summarised below:

Table 1: Additional capitalisation approved by The Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	RWPL Claim	Approved
Colony	0.82	0.00
Title transfer of R&R colony land	1.16	0.00
Cathodic protection for Cross country pipeline	3.45	0.00
Township Bachelor Hostel and Land acquisition	10.80	0.00

Particulars	FY 2017-18	
	RWPL Claim	**Approved**
Plant Canteen Building	0.60	0.00
Civil Miscellaneous work	1.19	0.00
Office Equipment/Furniture & Fixtures	1.00	0.00
Total	**19.02**	**0.00**

3.30 Accordingly, the GFA approved by the Commission for tariff determination for FY 2017-18 in this order is given in the table below:

Table 2: GFA approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18					
	Opening Balance		**Addition**		**Closing Balance**	
	RWPL Claim	**Approved**	**RWPL Claim**	**Approved**	**RWPL Claim**	**Approved**
Land and Land Development	28.70	18.20	1.16	0.00	29.86	18.20
Plant and Equipment	5179.86	5130.54	3.45	0.00	5183.31	5130.54
Buildings & Civil Engineering works	858.12	820.39	13.41	0.00	871.53	820.39
IT Equipment	3.98	2.14	0.00	0.00	3.98	2.14
Self-Propelled Vehicles	0.98	0.85	0.00	0.00	0.98	0.85
Office Furniture / Equipment	10.77	6.89	1.00	0.00	11.77	6.89
Total	**6082.41**	**5979.02**	**19.02**	**0.00**	**6101.43**	**5979.02**

SECTION 4

Determination of ARR and Tariff for RWPL for FY 2017-18

Annual Fixed Charges

4.1 The Annual Fixed Charges comprises of the following elements:

i. Operation and Maintenance (O&M) Expenses
ii. Depreciation
iii. Interest on Term loans
iv. Return on Equity
v. Interest on working capital
vi. Insurance charges
vii. Less: Non-Tariff income

4.2 Each of annual fixed charges elements has been dealt with in the following paragraphs.

Operation and Maintenance (O&M) Expenses

RWPL's Submission

4.3 The Petitioner submitted that the O&M expenses have been claimed in accordance with Regulation 47 (2) of the RERC Tariff Regulations, 2014. The normative O&M expenses of Rs. 21.16 Lakh/MW for FY 2014-15 has been escalated at the rate of 5.85% per annum for the subsequent years (till FY 2017-18 as Rs. 25.10 Lakh/MW) in accordance with Regulation 24(3) of RERC Tariff Regulations, 2014.

4.4 Regulation 47 (4) of the RERC Tariff Regulations, 2014 provides that in case process water is required to be transported over a distance of more than 50 km, appropriate special O&M expenses, subject to prudence check by the Commission, shall be allowed in addition to the normative O&M expenses. Such special O&M expenses shall include O&M expenses related to the pipeline beyond 50 km, the O&M cost of water pumping station and electricity consumption cost for such pumping stations.

4.5 The electricity consumption cost for FY 2017-18 has been estimated based on the actual electricity consumption and charges paid for the months of April 2016 to September 2016. In accordance with the Commission's order dated 24.02.2016, the electricity charges of Rs. 9.08 Crore corresponding to the pumping stations Sangad and Akal, has been considered for FY 2017-18

4.6 The O&M contract for the pipeline (other than electricity charges of pumping stations) including maintenance cost of pumping stations has been awarded for the whole pipeline of 185.97 km and not separately for pipeline upto 50 km and beyond 50 km. Therefore, the O&M expenses for the pipeline beyond 50 km for two pumping stations have been claimed as Rs. 7.41 Crore, on the proportionate basis to the distance of water pumped by each station, for two pumping stations.

4.7 The total O&M expenses claimed by the Petitioner is as shown in the Table below:

Table 3: Total O&M expenses claimed by RWPL for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Normative O&M expenses	271.03
Special O&M expenses	14.49
Total O&M expenses	285.51

Commission's Analysis

4.8 Regulation 47(2) of the RERC Tariff Regulations, 2014, specifies the normative O&M expenses of Rs. 21.16 Lakh per MW for FY 2014-15 for lignite based generating stations. Further, Regulation 24(3) of the RERC Tariff Regulations, 2014, specifies that the normative O&M expenses allowed for FY 2014-15 shall be escalated at the rate of 5.85% per annum for each year of the Control Period.

4.9 The Commission has verified RWPL's computations of normative O&M expenses and found it to be in line with the Regulations and accordingly, the same has been approved.

4.10 As regards the Special O&M expenses, Regulation 47 (4) of RERC Tariff Regulations, 2014 specifies as under:

> "***47. Operation and Maintenance expenses***
> *(4) In case the process water is required to be transported over a distance of more than 50 km, then appropriate special O&M expenses, subject to the prudence check by the Commission, shall be allowed in addition to the above O&M expenses. It shall include O&M expenses related to pipe line beyond 50 km and water pumping station operation cost, and additional power consumption for such stations."*

4.11 The Petitioner has submitted the supporting documents for the electricity consumption charges of two pumping stations, Akal and Sangad for April 2016 to September 2016. The Commission observed that the supporting documents submitted by the Petitioner does not substantiate the actual electricity consumption charges claimed by the Petitioner for April 2016 to September 2016. The Commission further observed that the electricity consumption charges of two pumping stations, Akal and Sangad as claimed by the Petitioner is lower than the actual electricity consumption of these two pumping stations for FY 2015-16. Hence, the Commission, in this order, has considered the electricity consumption charges of the pumping stations Akal and Sangad for FY 2017-18 as claimed by the Petitioner, which shall be trued up based on actuals while carrying out the truing up for FY 2017-18

4.12 As the O&M contract has been given for the entire pipe line and in the absence of actual expenses incurred in segregation for the pipeline that is beyond 50 km range and within 50 km range, the Commission in unable to carry out the prudence check actual O&M expenses incurred against this pipeline beyond 50 km. The Commission is of the view that allowing the special O&M on pro-rata basis will not be a correct approach because many overheads may be common for pipeline beyond the range of 50 km and within the range of 50 km. Therefore, in line with the approach adopted by the Commission in its previous orders, the Commission at this stage has not approved any special O&M expenses other than electricity charges for FY 2017-18. The same may be considered by the Commission at the time of true-up subject to prudence check of actual O&M expenses for pipeline beyond 50 km.

4.13 Hence, the Commission in this order for allowing the special O&M for FY 2017-18 has allowed only the electricity charges for pumping stations which are beyond 50 km. (i.e. Akal and Sangad). The special O&M expenses claimed by the Petitioner and approved by the Commission is as shown in the table below:

Table 4: Special O&M approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	RWPL Claim	**Approved**
A. Power Consumption Cost (Akal)	5.13	5.13
B. Power Consumption Cost (Sangad)	3.95	3.95
Total Power Consumption Cost (A+B)	**9.08**	**9.08**
C. Repair/ maintenance/ employee cost/other cost (Akal)	2.05	0.00
D. Repair/ maintenance/ employee cost/other cost (Sangad)	3.36	0.00
Total (C+D)	5.41	0.00
Total Special O&M expenses (A+B+C+D)	**14.49**	**9.08**

4.14 The normative O&M expenses and special O&M expenses approved by the Commission for FY 2017-18 are as shown in the table below:

Table 5: Total O&M expenses approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	RWPL Claim	**Approved**
Normative O&M expenses (Rs. Lakh/MW)	25.10	25.10
Normative O&M expenses (Rs. Crore)	271.03	271.03
Special O&M expenses (Rs. Crore)	14.49	9.08
Total O&M expenses (Rs. Crore)	**285.51**	**280.10**

Depreciation

RWPL's Submissions

4.15 The Petitioner submitted that the depreciation for FY 2017-18 has been claimed as per Regulation 22(4) of RERC Tariff Regulations, 2014, considering the total capital cost approved by the Commission and the depreciation rates as provided in the RERC Tariff Regulations, 2014. The Depreciation claimed by the Petitioner for FY 2017-18 is as shown in the table below:

Table 6: Depreciation claimed by RWPL for FY 2017-18 (Rs. Crore)

Particular	FY 2017-18
As per petition	303.88

Commission's Analysis

4.16 Regulation 22 of the RERC Tariff Regulations, 2014 specifies as under:

"22. Depreciation

(1) The value base for the purpose of depreciation shall be the capital cost of the assets admitted by the Commission.

………………..

(4) Depreciation shall be calculated annually based on straight Line Method (SLM) and at rates specified in Appendix-I to these regulations for the assets of the generating station, transmission system and distribution system:

………………..

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro-rata basis.

………………..*"*

4.17 The Commission has computed the depreciation for FY 2017-18 in accordance with RERC Tariff Regulations, 2014, based on the GFA approved in this order.

4.18 The depreciation approved by the Commission for FY 2017-18 is as shown in the Table below:

Table 7: Depreciation approved by the Commission for FY 2017-18 (Rs. Crores)

Particulars	FY 2017-18						
	Rate of Depreciation	RWPL Claim			Approved		
		Opening GFA	Closing GFA	Depreciation	Opening GFA	Closing GFA	Depreciation
Land and Land Development	0.00%	28.70	29.86	0.00	18.20	18.20	0.00
Plant and Equipment	5.28%	5179.86	5183.31	273.59	5130.54	5130.54	270.89
Buildings & Civil Engineering works	3.34%	858.12	871.53	28.89	820.39	820.39	27.40
IT Equipment	15.00%	3.98	3.98	0.60	2.14	2.14	0.32
Self-Propelled Vehicles	9.50%	0.98	0.98	0.09	0.85	0.85	0.08
Office Furniture / Equipment	6.33%	10.77	11.77	0.71	6.89	6.89	0.44
Total		**6082.41**	**6101.43**	**303.88**	**5979.02**	**5979.02**	**299.13**

<u>Interest on Term Loan</u>

<u>RWPL's Submission</u>

4.19 The Petitioner submitted that it has availed loans at fixed and floating rates of interest linked to Prime Lending Rates (PLR)/Base Rate (BR) of Concerned banks /FIs, etc. For FY 2017-18, the Petitioner has considered the rate of interest as the weighted average rate of interest calculated on the basis of the actual loan portfolio as on 01.10.2016 to be 10.57%.

4.20 Petitioner further submitted that the interest charges have been worked out considering the repayment equal to the depreciation in accordance with the Regulation 21(3) of the RERC Tariff Regulations, 2014.

4.21 The interest charges on term loan claimed by the Petitioner for FY 2017-18 is as shown in the table below:

Table 8: Interest charges on term loan claimed by RWPL for FY 2017-18 (Rs. Crore)

Particular	FY 2017-18
As per petition	315.57

4.22 The Petitioner submitted that Regulation 21(7) of the RERC Tariff Regulations, 2014 provides that a generating company should make every effort to refinance the actual loan as long as it results in net saving on interest and in that event the costs associated with such refinancing shall be borne by the beneficiaries and the nest savings on interest shall be shared in between the beneficiaries and the generating company in the ratio of 2:1. The Petitioner further submitted that it has initiated the process of refinancing the existing loans during FY 2013-14 with a view to reduce the net interest on term loans. The efforts of refinancing have resulted in considerable amount of interest saving in FY 2017-18. The Petitioner requested Commission to consider the cost of refinancing and sharing of savings of interest for FY 2017-18 as per Regulation 21(7) of RERC Tariff Regulations, 2014. The saving of interest on account of refinancing for FY 2017-18 claimed by the Petitioner is as shown in the table below:

Table 9: Saving of interest on account of refinancing claimed by RWPL for FY 2017-18 (Rs. Crores)

Particulars	FY 2017-18
Total saving	27.69
Passed to Beneficiary	18.46
Retained by Generating Company	9.23

<u>Commission's Analysis:</u>

4.23 Regulation 21 of the RERC Tariff Regulations, 2014, specifies as under:

"21. Interest and finance charges on long-term loans

(1) The Loans arrived at in the manner indicated in regulation 19 shall be considered as gross normative loan for calculation of interest on loan.

…………..

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed to that year.

…………...

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the regulated business of the Generation Company or Licensee as the case may be:

……………

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The Generating Company or the Licensee shall make every effort to re-finance the actual loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings on interest shall be shared between the beneficiaries and the Generating Company or Licensee in the ratio of 2:1.

..........."

4.24 The Commission in this order, for computing the interest on loan for FY 2017-18, has considered the closing loan balance of FY 2016-17 as was approved by the Commission in its order dated 19.06.2017 as opening loan balance for FY 2017-18.

4.25 The Commission has computed the interest on loan for FY 2017-18 in accordance with RERC Tariff Regulations, 2014. Regarding the interest rate, the Commission has considered the weighted average rate of interest of 10.39% i.e., interest rate applicable on 1.4.2017 against the interest rate submitted by the Petitioner i.e. 10.57%. The allowable depreciation for the year has been considered as the normative repayment for the year. The Interest on long term loan approved by the Commission for FY 2017-18 is as shown in the table below:

Table 10: Interest on Loan approved by the Commission for FY 2017-18 (Rs. Crores)

Particulars	FY 2017-18	
	RWPL Claim	**Approved**
Opening Balance	3130.33	3060.14
Addition	14.27	0.00
Repayment	303.88	299.13
Closing Balance	2840.72	2761.01
Interest Rate	10.57%	10.39%
Interest	**315.57**	**302.41**

4.26 The Commission, in its preliminary data gaps sought information regarding the refinancing. The Petitioner in replies to the same submitted the details of cost incurred on refinancing of loans, with the copy of the sanction letters of SBI, CBI, PNB and Syndicate banks along with the bank statement for payment.

4.27 The Commission in line with the approach adopted in the tariff determination for previous years has approved the net savings in interest cost in proportion of average of opening and closing of debt approved by the Commission for FY 2013-14 to debt refinanced by the Petitioner as per its replies to the data gaps. Saving of Interest on account of refinancing approved by the Commission is as shown in the table below:

Table 11: Saving of Interest on account of refinancing for FY 2017-18 approved by the Commission (Rs. Crores)

Particulars	
Average of opening and closing debt for FY 2013-14 approved by the Commission (**A**)	3950.34
Total debt refinanced by the Petitioner (**B**)	4953.70
Ratio (**C=A÷B**)	0.80
FY 2017-18	
Sharing of Savings claimed by the Petitioner to be retained by Generating Company (**D**)	9.23
Sharing of Savings in interest approved by the Commission to be allowed to Generating Company (=**CxD**)	7.36

Return on Equity

RWPL's Submission

4.28 Petitioner submitted that Return on Equity (RoE) has been claimed at the rate of 15.50% as per Regulation 20(2) of the RERC Tariff Regulations, 2014.

4.29 The Petitioner submitted that Regulation 29 of the RERC Tariff Regulations, 2014, states that tax on income corresponding to the RoE approved by the Commission shall be recovered from the beneficiary. Further, the Petitioner is eligible to claim deduction u/s 80 IA of the Income Tax Act for all its 8 units and also has carried forward loss for set off. Hence, the provisions relating to payment of Minimum Alternative Tax (MAT), as provided in the Income Tax Act are applicable to the Petitioner. MAT rate considered by the Petitioner is 21.3416% for FY 2017-18. Accordingly, post-tax RoE has been considered based on the MAT rate applicable on RoE and works out to be 19.71% for FY 2017-18.

4.30 The RoE for FY 2017-18 claimed by the Petitioner is as shown in the table below:

Table 12: RoE and Tax on RoE claimed by RWPL for FY 2017-18 (Rs. Crores)

S.No.	Particulars	FY 2017-18
1	Equity at the beginning of the year	1520.60
2	Capitalisation	19.02
3	Equity portion of Capitalisation	4.76
4	Equity at the end of the year	1525.36
	Return Computation	
5	RoE claimed	236.06
6	Tax on RoE claimed	64.05

<u>Commission's Analysis:</u>

4.31 Regulation 20 & 29 of the RERC Tariff Regulations, 2014 specifies as under:

*"**20. Return on Equity***

(1) Return on Equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 19.

(2) Return on Equity shall be computed at the base rate of 15.5% for Generating Companies and Transmission Licensee, and at the base rate of 16% for distribution licensees."

*"**29. Tax on Return on Equity***

(1) *Tax on the income corresponding to Return on Equity approved by the Commission for the generating company or the licensee, as the case may be, shall be directly recovered from the beneficiaries. Tax on the income shall be computed with reference to the total actual income tax paid by the generating company or the licensee as the case may be, on pro-rata basis with respect to return on equity. The tax on any other income stream (including efficiency gains, incentive, etc.) other than Return on Equity shall not be recovered from beneficiaries, and tax*

on such other income shall be payable by the generating company or licensee, as the case may be."

4.32 The Commission has approved the RoE for FY 2017-18 in accordance with Regulation 20 & 29 of RERC Tariff Regulations, 2014. For computing the RoE for FY 2017-18, the Commission has considered the rate of 15.50% in accordance with the Regulation 20 of RERC Tariff Regulations, 2014.

4.33 The Commission in this order has not approved tax on RoE in accordance with Regulation 29 of RERC Tariff Regulations, 2014.

4.34 The RoE approved by the Commission for FY 2017-18 is as shown in the table below:

Table 13: RoE approved by the Commission for FY 2017-18 (Rs. Crores)

Particulars	FY 2017-18	
	RWPL Claim	Approved
Opening Equity	1520.60	1494.75
Addition	4.76	0.00
Closing Equity	1525.36	1494.75
Rate of RoE	15.50%	15.50%
RoE	**236.06**	**231.69**

Interest on Working Capital

RWPL's Submission

4.35 The Petitioner submitted that the working capital requirement for FY 2017-18 has been claimed as per Regulation 27(1)(i)(a) of RERC Tariff, Regulations, 2014. Further, the rate of interest on working capital has been claimed as per Regulation 27(2) of RERC Tariff Regulations, 2014, i.e., by adding 250 basis points to average of SBI Base Rate prevalent during first half of FY 2016-17 and accordingly, the rate of interest on working capital for FY 2017-18 works out to be 11.80%. The Interest on working capital claimed by the Petitioner for FY 2017-18 is as shown in the table below:

Table 14:Interest on Working Capital claimed by the Petitioner for FY 2017-18 (Rs. Crores)

Particular	FY 2017-18
As per petition (As filed in IA)	64.66

Commission's Analysis

4.36 The Commission has computed the interest on working capital in accordance with RERC Tariff Regulations, 2014.

4.37 Regulation 27 of RERC Tariff Regulations, 2014, states that the rate of interest on working capital to be computed on normative basis and shall be 250 basis points higher than the average base rate of State Bank of India prevalent during first six months of FY 2016-17.

4.38 The Commission for the approval of interest on working capital for FY 2017-18 has computed the rate of interest on working capital as per the norms prescribed in the RERC Tariff Regulations, 2014 and it works out to be 11.80% for FY 2017-18. The details of Interest on Working capital for FY 2017-18 for RWPL are as shown in the table below:

Table 15: Details of Interest on Working Capital approved for FY 2017-18 (Rs. Crore)

Particulars		FY 2017-18	
		RWPL Claim (As filed in IA)	**Approved**
Landed Cost of Lignite	½ month	72.36	52.25
Landed Cost of Limestone	1 ½ months	4.25	4.13
Cost of secondary fuel oil	2 months	4.95	4.95
O&M expenses	1 month	23.79	23.34
Maintenance spares	20%	57.10	56.02
Receivables	1 ½ months	385.49	311.39
Working Capital		**547.95**	**452.09**
Rate of Interest on Working Capital		11.80%	11.80%
Interest on Working Capital		**64.65**	**53.35**

Insurance Charges

RWPL's Submissions

4.39 The Petitioner submitted that it has availed various policies to cover its operating units. Further, the insurance expenses for 2017-18 has been claimed as per Regulation 25 of the RERC Tariff Regulations, 2014, according to which the actual insurance expenses as incurred by the Generating Company shall be allowed subject to a ceiling of 0.20% of the average Net Fixed Assets for the year.

4.40 The Petitioner further submitted that it has estimated the Net Fixed Assets of Rs. 4508.51 Crore for FY 2017-18 and claimed insurance expenses of Rs. 5.17 Crore based on the actual insurance cost incurred for FY 2016-17, which is lesser than the normative value of Rs. 9.02 Crore for FY 2017-18.

4.41 The Petitioner provided the breakup of premium of the Power plant for FY 2017-18. The breakup provided is as shown below:

Table 16: Breakup of insurance premium of RWPL plant for FY 2017-18 (in Rs.)

S. No.	Particulars	Premium for FY 2017-18
1	Comprehensive Mega Risk Policy	50349394
2	Terrorism Policy	1028358
3	Office Package Policy- EEI for Computers	43852
4	Office Package Policy- Laptop	4925
5	Office Package Policy	18089
6	SFSP Policy	154737
7	Cash in Transit Policy	3169
8	Marine Policy	44083
9	Public Liability Insurance	22460
10	Total	51669068

Commission's Analysis

4.42 The Petitioner provided the supporting documents for insurance charges claimed for FY 2017-18 along with the petition. After scrutiny of the submissions of the Petitioner, the Commission finds it prudent to approve the insurance charges of Rs. 5.17 Crore for FY 2017-18.

4.43 The Insurance charges approved by the Commission for FY 2017-18 is as shown in the table below:

Table 17:Insurance Charges approved by the Commission for FY 2017-18 (Rs. Crore)

Particular	FY 2017-18
As per petition	5.17
Approved	5.17

Non-Tariff Income

RWPL's Submissions

4.44 The Petitioner submitted that the non-tariff income for FY 2017-18 has been claimed based on the non-tariff income estimated as per the audited accounts for FY 2016-17 till 30, September, 2016. The non-tariff income claimed by the Petitioner for FY 2017-18 is as show in the table below:

Table 18: Non-Tariff income claimed by RWPL for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Income from sale of Scrap	1.22
Other Miscellaneous receipts	0.02
Total	**1.24**

Commission's Analysis

4.45 In the absence of the audited accounts for FY 2016-17, the Commission, in this order has considered the non-tariff income of Rs. 5.32 Crore as approved for FY 2016-17 in the order dated 19.06.2017. The non-tariff income approved by the Commission is as shown in the table below:

Table 19: Non-Tariff Income approved by the Commission for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	RWPL Claim	Approved
Non-Tariff Income	1.24	5.32

Annual Fixed Charges

4.46 Based on the above analysis, the approved fixed charges for RWPL for FY 2017-18 are as under:

Table 20: Annual Fixed Charges for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18	
	RWPL Claim (As filed in IA)	Approved
Operation & Maintenance Expenses	285.51	280.10
Interest on Term Loans	315.57	302.41
Sharing in interest saved on account of re-financing	9.23	7.36
Depreciation	303.88	299.13
Interest on Working Capital	64.66	53.35
Return on Equity	236.06	231.69
Tax on RoE	64.05	0.00
Recovery of ARR & Tariff petition fees	0.62	0.54
Insurance charges	5.17	5.17
Sub-total	**1284.74**	**1179.75**
Less: Non-Tariff Income	1.24	5.32
Annual Fixed Charges	**1283.50**	**1174.43**

Determination of Variable Charges for FY 2017-18

Petitioner's Submissions

4.47 The Petitioner submitted that the normative availability/PLF has been claimed as per Regulation 45 of the RERC Tariff Regulations, 2014 considering the COD of the project. All the units shall achieve normative target availability/PLF of 80% in FY 2017-18, marking the end of staggered availability/PLF prescribed as per Regulation 46 (1)(a)(iii) for lignite based CBFC units. The Petitioner requested the Commission to allow recovery of full fixed charges at normative target availability/PLF of 80% for the whole Generating Station.

4.48 The Petitioner submitted that the transfer price of lignite of Rs. 2704.01/MT for FY 2017-18 has been considered based on the petition filed by Barmer Lignite Mining Company Limited (BLMCL) for determination of transfer price of Lignite.

4.49 The Petitioner submitted that the GCV of lignite from Kapurdi mine for FY 2017-18 has been considered as 2692 kcal/kg as approved by the MOC while approving the mining plan for 7 MTPA based on the petition filed by BLMCL for FY 2016-17.

4.50 The Petitioner submitted that the Gross Station Heat Rate for FY 2017-18 has been considered as per Regulation 45(3)(b) of the Tariff Regulations, 2014, after considering the moisture content in lignite as the actual average moisture content of preceding three months, i.e., July 2016 to September 2016. The SHR claimed by the Petitioner is as shown in the table below:

Table:21: SHR claimed by the Petitioner for FY 2017-18

Particulars	Units	FY 2017-18
Allowable GSHR	kcal/kWh	2439.00
Actual Average Moisture Content for preceding three months	%	43.25%
Moisture Correction factor for actual moisture		1.08
Gross Station Heat Rate after moisture correction	**kcal/kWh**	**2633.49**

4.51 The Petitioner submitted that the normative lime stone consumption for FY 2017-18 has been considered as per Regulation 45(5) of the RERC, Tariff Regulations, 2014, after considering the average sulphur content of preceding three months, i.e., July 2016 to September 2016 as 0.87%.

4.52 The Petitioner submitted that the landed cost of limestone as Rs. 947.71/MT for FY 2017-18 has been considered based on the actual average landed cost of limestone purchased during the months of July 2016 to September 2016.

4.53 The Petitioner submitted that the weighted average landed cost of LDO as Rs. 39206.12/kL for FY 2017-18 has been considered based on the actual average landed cost of LDO purchased during the months of July 2016 to September 2016.

4.54 The Petitioner submitted that the GCV of secondary Fuel (LDO) as 9304.20 kCal/L for FY 2017-18 has been considered on actual weighted average GCV of LDO purchased up to September 2016.

Commission's Analysis

4.55 The Commission has approved the variable charges for FY 2017-18 on the basis of following:

(i) The Commission has approved the auxiliary consumption for FY 2017-18 as per Regulation 45 (6) (d) of the RERC Tariff Regulations, 2014.

(ii) The Commission vide its order dated 27.04.2017, approved the interim transfer price of Lignite on adhoc basis as Rs. 1807.39/MT for lignite from Kapurdi mine. Thus, Commission has approved the same for the period of April 2017 to June 2017. Post-implementation of GST on 01.07.2017, the Commission has recalculated the transfer Price of Lignite as below:

Table 22: Recomputed Landed Price of Lignite from Kapurdi mine after GST implementation

S. No.	Particulars	Units	Value
1	Lignite Transfer Price before taxes & duties	Rs./MT	1213.00
2	Royalty (6% Ad-valorem)	Rs./MT	72.78
3	Contribution to District Mineral Foundation @ 30% of Royalty	Rs./MT	21.83
4	Contribution to National Mineral Exploration Trust @ 2% of Royalty	Rs./MT	1.46
5	GST on Royalty DMF and NMET @18%	Rs./MT	17.29
6	GST Compensation Cess	Rs./MT	400.00
7	GST on Invoice Value @ 5% (on S. No. 1 to 4)	Rs./MT	65.45
	sub-total (S. No. 1 to 7)	Rs/MT	1812.68
8	Less Input Credit for GST	Rs./MT	65.45
9	**Total Price (5+6+7+8+9)**	**Rs./MT**	**1726.36**

Thus, the Commission has considered the Pre-GST value of landed price of lignite for three months (April 2017 to June 2017) and the Post-GST value of landed price of lignite for the remaining 9 months till March 2018.

(iii) The Petitioner in its IA submitted that its main petition was filed considering the transfer price of lignite from Kapurdi mine claimed by BLMCL in its petition no. 966/16 for FY 2017-18. Subsequently, BLMCL has filed an amended transfer price petition dated 27.10.2017, inter-alia to bring on record the subsequent material development of the expected commissioning date of Jalipa mine on 01.11.2017. BLMCL, in its amended petition proposed to taper down the lignite capacity of Kapurdi mine to 6.5 MTPA and supply the balance 0.5 MTPA of lignite from Jalipa mine with effect from 01.11.2017 till the end of FY 2017-18. The weighted average price of lignite has been considered based on the transfer price claimed by BLMCL in its petition for FY 2017-18.

(iv) BLMCL has claimed the transfer price of lignite from Jalipa mine as Rs. 4106.43/MT considering the extraction cost before royalty, taxes and duties as Rs. 3389.65/MT.

(v) The Commission vide its order dated 05.04.2018 on IA No. 09 of 2017 in the matter of application seeking amendment in petition No. 966/16 filed by BLMCL for determination of transfer price of lignite from Kapurdi Mine for FY 2017-18, ruled as under:

"13. Commission observes that amended petition has been filed for approval of transfer price of lignite for FY 2017-18 taking into consideration of Jalipa mine which needs to be considered on merit. Therefore, Commission allows the application of the Petitioner.

14. Petitioner in the IA has also prayed to grant adhoc interim transfer price of lignite from Kapurdi and Jalipa mines with effect from 01.11.2017.

15. Commission observes that since the financial year 2017-18 is already over and Petitioner has the permission for extraction of lignite from Kapurdi mine upto September, 2018. Further it is observed that Petitioner has neither produced the environmental clearance for *operating Jalipa mine nor could establish that the tapering of production from Kapurdi mines and operating of Jalipa mine is necessary at this stage. Therefore in the Commission's considered view, there is no need to allow separate transfer price for the Jalipa mine at this juncture in the interim price of the FY 2017-18.*

16. In the light of the above, Commission allows the existing transfer price of lignite allowed for FY 2017-18 for Kapurdi mine, for lignite extracted from Jalipa mine also if at all extracted."

(vi) In light of the above stated order, Commission has considered the interim price of lignite of Kapurdi Mine as approved by the Commission for FY 2017-18.

(vii) RWPL has considered the GCV of lignite from Kapurdi mine as 2692 kcal/kg and the GCV of lignite from Jalipa mine as 2895 kcal/kg. The Commission has considered the GCV of lignite from Kapurdi mine as 2732 kcal/kWh, the same as considered in the order dated 30.09.2011 in petition Nos. 244/11 & 245/11.

(viii) The Commission has considered the moisture content of lignite, sulphur content of lignite, landed price of limestone, GCV of secondary fuel oil and landed price of LDO as claimed by the Petitioner.

(ix) For LDO, the Commission has considered the landed price and GCV as submitted by the Petitioner.

(x) The Commission has considered the allowable SHR before correction for moisture content in lignite as 2403.50 kcal/kWh as approved in its order dated 19.06.2017. The Regulation 45(3)(b) provides the correction factor for moisture content of 40% and above. As per the Petitioner's submission the actual moisture content is more than 40%. As, the moisture content in this case is more than 40%, so the Commission has considered a correction factor on pro-rata basis. The SHR approved by the Commission is as shown in the table below:

Table 23: SHR including the correction factor for moisture content approved by the Commission for FY 2017-18

Particulars	FY 2017-18	
	RWPL Claim	Approved
Allowable GSHR	2439.00	2403.50
Moisture Content	43.25%	43.25%
Multiplying factor for moisture content	1.08	1.08
Allowable GSHR after considering the moisture content	2633.49	2595.18

(xi) In order to check more precisely the methodology regarding computation of cost of fuel being passed on to the consumers as an uncontrollable element, the Commission considers it appropriate and fair that the Fuel Audit of RWPL's lignite based thermal generating station should be carried out as per standard practices.

(xii) The Commission directs RWPL to carry out the Fuel Audit of lignite for its generating station through an independent reputed agency eg Central Institute of Mining and Fuel Research (CIMFR), Central Power Research Institute (CPRI) etc. which should include audit of quantity, calorific value, moisture and sulphur etc. of lignite at BLMCL, as received at the generating station and as fired. The Commission also directs RWPL to submit the independent agency report alongwith the next Tariff/True Up Petitions.

(xiii) The variable charges computed by the Commission for FY 2017-18 for the purpose of working capital are as shown in the table below:

Table 24: Variable Charges approved by the Commission for FY 2017-18

Particulars	Units	FY 2017-18	
		RWPL Claim	Approved
Gross Generation	MU	7568.64	7568.64
Auxiliary Energy Consumption	%	11.50%	11.50%
Net Generation	MU	6698.25	6698.25
Gross Station Heat Rate	kcal/kWh	2633.49	2595.18
Average Sulphur Content in Lignite	%	0.87%	0.87%
Weighted average GCV of Lignite	kcal/kg	2707	2732

Particulars	Units	FY 2017-18	
		RWPL Claim	Approved
Weighted average GCV of Oil	kcal/ltr.	9304.20	9304.20
Secondary fuel oil consumption	ml/kWh	1.0	1.0
Specific Lignite consumption	kg/kWh	0.97	0.95
Lime stone consumption	kg/kWh	0.05	0.05
Price of Oil	Rs./kL	39206.12	39206.12
Price of Lignite	Rs./MT	2367.45	1750.43
Price of Lime stone	Rs./MT	947.71	947.71
Cost of Oil per unit	Rs./kWh	0.044	0.044
Cost of Lignite per unit	Rs./kWh	2.593	1.872
Cost of Limestone per unit	Rs./kWh	0.051	0.049
Rate of Energy Charge	**Rs./kWh**	**2.688**	**1.966**

4.56 The tariff for FY 2017-18 for RWPL as approved by the Commission is as follows:

Table 25: Approved tariff For FY 2017-18

Particulars	Units	FY 2017-18	
		RWPL Claim	Approved
Annual Fixed Charges	Rs. Crore	1283.50	1174.43
Annual Fixed Charges per unit	Rs./kWh	1.916	1.753
Energy Charges	Rs. Crore	1800.29	1316.73
Rate of Energy Charges	Rs./kWh	2.688	1.966
Total Tariff	**Rs./kWh**	**4.604**	**3.719**

4.57 A copy of this order may be sent to the Petitioner, Respondents, Objectors, CEA and Government of Rajasthan.

(S. C. Dinkar)
Member

(R. P. Barwar)
Member

(Vishvanath Hiremath)
Chairman

Annexure-1

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